

GROUP 2 WORKSHEET**Contracting Tax Factoring Worksheet – CITY LAND DEDUCTION AT COST**

Assumption: No tax amount is specified in the contract.

TAX RATES AND FACTOR

State & County Tax Rate.....	6.30%	* Refer to the TRANSACTION PRIVILEGE AND OTHER TAX RATE TABLES, Table 1. Place in Column G of the TPT-1.
City Tax Rate.....	1.6%	* Refer to the Transaction Privilege and Other Tax Rate Tables.
Combined RATE.....	7.90%	* Add the City Rate to the State & County Rate.
Combined FACTOR.....	.04884197	* Find the factor for the COMBINED RATE ABOVE on the TAX FACTORS FOR CONTRACTORS table.

	ITEM	SOURCE	AMOUNT	DESTINATION
1.	Gross Amount of Contract or Progress Payment	Contract/Invoice/ Cash Receipts	\$100,000.00	Front of TPT-1, Column D
2.	Land at Fair Market Value	Appraisal or Other Documentation	\$30,000.00	Back of TPT-1, Schedule A, Deduction Code 518
3.	Land at Cost	Purchase Records	\$20,000.00	

CALCULATIONS ON LAND DEDUCTION DIFFERENCE

4.	Land FMV minus Cost	Line 2 minus Line 3	\$10,000.00	
5.	City Tax on Land Difference	Line 4 times City Tax Rate times 65%	\$104.00	Back of TPT-1, Schedule A, Deduction Code 551
6.	Prime Contractor Reduction on Land Difference	Line 4 times 35%	\$3,500.00	

CALCULATIONS ON COMMON AMOUNTS

7.	Common Base	Line 1 minus Line 2 minus Line 5	\$69,896.00	
8.	Factored Tax on Common Base	Combined Factor times Line 7	\$3,413.86	Back of TPT-1, Schedule A, Deduction Code 551
9.	Basis for Prime Contractor Reduction	Line 7 minus Line 8	\$66,482.14	
10.	Prime Contractor Reduction on Common Base	Line 9 times 35%	\$23,268.75	Back of TPT-1, Schedule A, Deduction Code 502

FOR THE STATE RETURN - COUNTY LINE

11.	Total Class 15 Deductions	Add Lines 2, 5, 8, and 10	\$56,786.61	Front of TPT-1, Column E
12.	Taxable Class 15 Amount	Line 1 minus Line 11	\$43,213.39	Front of TPT-1, Column F
13.	Class 15 Tax	State & County Tax Rate times Line 12	\$2,722.44	Front of TPT-1, Column H

FOR THE STATE RETURN – CITY LINE OR FOR THE CITY RETURN

14.	Total City Deductions	Add Lines 3, 5, 6, 8, and 10	\$50,286.61	Front of TPT-1, City line, Column E or City Return
15.	Taxable City Amount	Line 1 minus Line 14	\$49,713.39	Front of TPT-1, City line, Column F or City Return
16.	City Tax	City Tax Rate times Line 15	\$795.41	Front of TPT-1, City line, Column H or City return

For Assistance call (602) 255-2060 or Toll Free (Arizona Only, outside of Maricopa Only) 1-800-843-7196
KEEP THIS WORKSHEET WITH YOUR RECORDS. PLEASE DO NOT SEND IT WITH YOUR RETURN.